



European Toner & Inkjet
Remanufacturers Association a.i.s.b.l.

Guide to Clones

**Trading patent
infringing newbuilt
cartridges in Europe
is illegal and anti-social**

2015 EDITION

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ETIRA member-companies are toner & inkjet cartridge remanufacturers and their suppliers, jointly producing a top quality product which is competitively priced and, thanks to the re use of basic materials, is 100% environment friendly.

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Guide to Clones

Things to consider when trading non-OEM newbuilt cartridges in Europe

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1 Introduction

In the European market today, there are mainly 4 types of printer cartridges, which can roughly be classified as follows:

- A OEM CARTRIDGE:** new cartridge produced by the original printer manufacturer (=OEM) and sold under that brand name
- B REMANUFACTURED CARTRIDGE:** used OEM cartridge that has been refurbished (usually by a 3rd party), parts cleaned and/or replaced, refilled with toner or ink, and then ready for use as cartridge again (and again and again.....)
- C NEWBUILT NON-OEM CARTRIDGE:** new cartridge NOT produced by the original printer manufacturer but by a 3rd party, and sold under a 3rd party brand name
- D COUNTERFEIT CARTRIDGE:** (new) cartridge NOT produced by the original printer manufacturer but by a 3rd party, and sold under OEM brand name

Lately, there has been a huge increase in the imports into Europe of the type C: newbuilt non-OEM toner and inkjet cartridges. Most of these products are produced in China and other South East Asian countries. They are normally very similar, or even identical, to the original cartridges produced by the original equipment manufacturer (=hereafter OEM). But as OEM cartridges are often (partially) patented across Europe, many of these newbuilt non-OEM cartridges infringe one or more OEM-patents or design rights.

To avoid that a company trade cartridges that infringe OEM patent(s), it is vital to have a full understanding of which products can, and which products cannot be produced/traded.

On page 4 of this Guide, you find the key benchmarks you must apply when faced with newbuilt cartridges.

2 Definitions:

The Tables below further specify the key aspects of the above-mentioned cartridge types **B**, **C** and **D**. Table 1 outlines the properties of each type in more detail. Table 2 then gives a legal appreciation of each of those cartridge types.

	Definition	Category	Explanation
1	counterfeit= 100%-clone	blatant copy, = fake	look & feel 100% like OEM product – including product and packaging illegal use of OEM brand: brand, design patent infringement
2	clone	„potential fake“	looks confusably similar to OEM product, but no OEM brand, patented OEM technology replaced by inferior technology replacements (no patent infringement)
		„imperfect fake“ (<i>lacks OEM functionality</i>)	looks like OEM at first sight (<i>use of OEM brand</i>), but in detail sophisticated, patented OEM technology replaced by inferior technology replacements (no patent infringement)
		„no-name fake“	no OEM brand, but OEM patents and design infringed example: colour & design identical, but no OEM brand in place
3	infringing compatible	functional copy	looks different, but OEM patent infringement
4	“IPR free” compatible	Not a copy, IPR respecting, functional solutions	looks different, no OEM brands used, no OEM patents used
5	fair reman	legal repair only	original patented OEM parts (real used parts), OEM brands removed
6	false reman	reman cartridge using illegal parts, see counterfeit	use of „new built“ empties instead of used patented OEM parts , example: identical OEM copy, but sold as „remanufactured“
7	infringing reman	use of fake parts / IPR infringing components	use of legal OEM empties, patent infringing parts added (example: Canon toner gear coupling)

Table 1

	Definition	Category	Intellectual Property Right (IPR)			Unfair competition	Risks	
			patent	brand *	design *		civil	criminal
1	counterfeit= 100%-clone	blatant copy = fake	!	!	!			!
2	clone	„potential fake“			!			
		„imperfect fake“ (<i>lacks OEM functionality</i>)		!	!			!
		„no-name fake“	!					
3	infringing compatible	functional copy	!				!	
4	“IPR free” compatible	Not a copy, IPR respecting, functional solutions						
5	fair reman	Legal repair only						
6	false reman	reman cartridge using illegal parts, see counterfeit	!	!	!			!
7	infringing reman	use of fake parts / IPR infringing components	!					

Table 2

! = *fraudulent intent* * = *also at packaging*

 = OK  = Illegal  = Case by Case Decision

What does the word "compatible" stand for?

The word "compatible" is used in many different ways across the many languages spoken in the EU. This has resulted in confusion in the market of non-OEM cartridges as its precise meaning is not defined anywhere. The ISO and DIN cartridge standardisation working groups aim to define compatible to promote clarity in the market.

Whenever you order a cartridge, you should always specify what type you are looking for. Likewise, the seller should specify exactly what type of cartridge he will supply you.

Key Benchmark Tool to Apply in the Trade in Newbuilts:

Which products are legal, and which are not ?

The two Tables above clearly show that all counterfeits (nr. 1) and most clones, compatibles, false remans (nrs. 2, 3, 6, 7) are illegal. Only the types defined as "IPR-free compatible" and "fair reman" (nrs. 4, 5) can be traded legally.

Companies should therefore ensure that all their products qualify as "IPR-free compatible" or "fair reman". To do that, companies must test all cartridges for compliance by benchmarking them against the following criteria:

IPR-FREE COMPATIBLE CARTRIDGE:

- no OEM look
- no OEM brands used
- no OEM patents used
- functional solutions

FAIR REMANUFACTURED CARTRIDGE:

- used OEM cartridge
- only use of parts that do not infringe patents/designs/brands
- OEM brands removed

DO YOU WANT TO RUN MAJOR RISKS FOR JUST A FEW EURO'S ?

DO YOU WANT TO BE ANTI-SOCIAL ?

**Think again: do not buy/sell patent-infringing newbuilt
toner cartridges**

If in doubt, ask ETIRA: info@etira.org



Hereafter we use the term "patent-infringing newbuilt" for all products classified above as types 1, 2, 3, 6 and 7.

3 Why you should not engage in trading newbuilt toner cartridges that infringe patents:

Patent-infringing newbuilt toner cartridges have many legal and societal problems. Here's why:

1 False labeling of the cartridge

Some patent-infringing newbuilt toner cartridges are being offered or sold as "remanufactured" or "rebuilt", or alike, but in reality they are fully new! The illegal claims regarding these products mislead the customer: the customer thinks he is buying an environment-friendly cartridge, but in reality he is not !!

False labeling and false advertising is a criminal offense in all European countries. So anyone marketing such a product is liable to penal prosecution, and could face imprisonment and high financial penalties!!! In 2008, a Court in Cologne, Germany ordered a company that labeled newbuild cartridges as "remanufactured" to pay 250,000 euro in damages for any new occurrence of false labeling ! In October 2012, a court in Hagen, Germany, ruled that when a clone is offered, the seller must clearly specify that what he offers is not a remanufactured OEM cartridge.

HOW CAN YOU TELL IF A CARTRIDGE IS AN PATENT-INFRINGING NEWBUILT AND NOT A REMANUFACTURED OEM-CARTRIDGE?

HERE'S HOW:

-the price:

The difference between the price of the empty cartridge and the price of the remanufactured cartridge must be meaningful. If it is not, it is likely that the product is new.

-timing of product availability:

In the first 12-15 months after a new printer is released, genuine remanufactured OEM cartridges are usually not yet available because not enough empties were available in the market. So if you get large volumes of non-OEM "remanufactured" cartridges offered to you within 12-15 months after printer launch, it is likely that those products are not remanufactured cartridges but patent-infringing newbuilts.

-appearance:

If the cartridge shows not even the slightest signs of wear and tear and prior use, it is most probably a newbuilt.

2 Infringement of patents of the original equipment manufacturer (OEM)

Most newbuilt toner cartridges infringe one or more design and/or functionality patents of the printer manufacturer (OEM). That's why selling/buying them is illegal.

Remanufacturing a used cartridge is legally considered to be "permissible repair", but simply copying a cartridge model and building a new product just like it, often is not. This is the main reason why such cartridges are not being remanufactured in Europe today: if a remanufacturer would remanufacture these cartridges, he too would violate the OEM-patents and be liable for lawsuits.

The OEM will become aware of this patent infringement, and they will take legal action and claim financial compensation for damages from anyone trading (importer, distributor, reseller, etc.) these cartridges. Please refer to the many recent court cases where OEM's have succeeded in stopping trade in patent-infringing cartridges in Europe.

3 Patent-infringing newbuilt toner cartridges are bad business sense

- Selling patent-infringing newbuilt toner cartridges as a distributor or as a reseller, will not be your long-term activity: as the only product determining factor is price, your will lose your customer quickly because he will quickly "go direct": your supplier in China will be very happy to supply your customer directly, even in case of small orders.
- Loss of existing OEM price discounts: many distributors and resellers of patent-infringing newbuilt toner cartridges also sell OEM cartridges. But if the OEM finds out that you also sell patent-infringing non-OEM toner cartridges, they will lock you out and take away any preferential conditions you have with them.

4 Patent-infringing newbuilt toner cartridges are bad for the environment: trading these products is anti-social and frustrates sustainable development

• No end-of-life solution but straight to landfill

OEM's and remanufacturers have set up permanent systems to collect their cartridges after the client has used them. Most of them are then remanufactured, recycled or disposed of in an environmental-friendly way. But most patent-infringing newbuilt toner cartridges imported from SE Asia have no end-of-life solution at all, which means they will simply be landfilled or incinerated after 1st use, polluting the environment in Europe. Because they cannot be legally remanufactured (see under item 2 above), they in practice are always "single-use only". This gives them the worst environmental impact, and highest greenhouse gas emission performance of all cartridges on the market today.

Example: a remanufactured HP 1010 has a 40% lower CO₂ footprint than a new HP cartridge. But when the HP cartridge is remanufactured once or several times, its total footprint is strongly reduced. However, an patent-infringing newbuilt cannot be remanufactured as remanufacturing it would only continue the infringement.

There are several environmental product criteria sets in force in Europe today, like DIN 33870-1, 33870-2, 33871-1, Nordic Ecolabel, Blue Angel, etc: all these criteria exclude newbuilt products.

Why? Because they are less much environment-friendly than remanufactured OEM-cartridges

Reuse of empty cartridges is the perfect example of company policies like sustainable development and corporate social responsibility (CSR).

- **No compliance with EU legislation on health/safety**

Patent-infringing newbuilt toner is often imported without any consideration for EU and national rules regarding health and safety protection. But with REACH and other safety laws now firmly in place across Europe, a violation of these rules will result in confiscation of the cartridges, and penal and civil law charges for anyone holding them.

- **Using up natural resources**

Manufacturing a toner cartridge takes about 1- 2 liters of oil. Over 65% of used cartridges are simply thrown away after first use. Remanufacturing them saves natural resources like oil, aluminium and paper.

- **Killing local jobs**

Almost all patent-infringing newbuilts are produced in South East Asia (mainly China), by huge multinational firms which have thousands of low-paid workers who get no health or safety protection. As such, these cartridges take away jobs in your country and Europe, and endanger the lives of thousands.

Because they have no end-of-life solution, increase CO₂ emissions, violate worker health and safety rules, use up our natural resources and kill local jobs, patent infringing newbuilt cartridges are anti-social!

5 Patent-infringing newbuilt toner cartridges are poor quality

Patent-infringing newbuilt toner cartridges from Asia are designed and produced with only 1 thing in mind: they must be cheap. Producers of such toner cartridges are in constant fierce competition with each other. Price is the only factor. Costs are cut wherever possible.

This race to the bottom is reflected in the end-product: it is often of poor quality, and has poor print performance. And in many cases, there are no available parts for the patent-infringing newbuilt toner cartridge, so if something goes wrong you have to buy a full new product.

6 Patent-infringing newbuilt toner cartridges violate fair competition laws

Under national and EU civil laws on fair competition, traders must play by the rules. So OEM's suffer financial damage when their patents are infringed. Also remanufacturers suffer financial damage because of the business conduct of false labeling, as customers believe that they are "being green" by buying these cartridges, yet in reality they are buying new cartridges. The wrong-labeled products hence take advantage of the remanufactured "brand", without doing the work for it, or providing the environmental benefits of a lower CO₂ reduction.

Under EU and national law, such conduct constitutes unfair competition vis-à-vis traders who respect the rules and who constantly invest in producing remanufactured cartridges out of prior used cartridges. Buying/selling patent-infringing newbuilt non-OEM toners hence makes a trader liable for having to pay compensation for damages.

Don't be illegal or anti-social: do not trade patent-infringing newbuilt cartridges!

Myths about patent law suits by the OEM's.....

Myth #1: If an OEM takes me to court I am not liable to pay for financial damages, because my supplier sold me the cartridges so only he is liable.....

WRONG!!! Anybody who imports, distributes, handles, markets, possesses, etc. patent-infringing newbuilt products is liable to criminal prosecution and having to pay financial damages. So you are liable too !

Myth #2: I am only a reseller/distributor, so I cannot know whether or not a patent is infringed, and so I am not liable

WRONG AGAIN!!! Only private consumers are exempt from patent-issues, but businesses are not: European and national laws dictate that any commercial operator (so anyone who imports, distributes, handles, markets, possesses, etc. patent-infringing newbuilt products) must be aware of any patents on the products they trade. So you are liable too !

Myth #3: I could get away with it today, so tomorrow I will be safe.....

WRONG AGAIN! The risk that you will be taken to court can continue for a long time: empties of newbuilt non-OEM toner cartridges may be collected within a regular empty collection program. Experts can then still detect whether it is an patent-infringing newbuilt. So the flow of goods can be tracked for years and years.

So if you sell a newbuilt non-OEM toner cartridge today and the empty cartridge appears after 2 years in the empty collection, you will still be held financially responsible and taken to court !!

Myth #4: I never read anything about any legal actions by the OEM's, so in practice they never sue anyone.....

WRONG AGAIN! The OEM's act against distributors/ resellers all the time. In 9 out of 10 cases a single letter from the OEM was enough to stop the reseller from trading infringing newbuilts. But that result is then not publicized in the press. Only when a reseller refuses to comply with the letter will the OEM take him to court and publish that.

Myth #5: I quickly looked and could not find the patent in my national register, so the product is patent-free.....

WRONG AGAIN! Patents are often hard to find, but there are thousands of them on toners. They exist on most elements of each cartridge model. OEM's register patents all the time, and the registration process is long but the patent validity started on the 1st day of applying for the patent. In case of doubt, ask at info@etira.org

Myth #6: The clone manufacturer has his own patent on this product, so I am OK.....

WRONG AGAIN! Some clone manufacturers register useless patents on their newbuilt products only to trick the buyer into believing the product is free of an OEM-patent. But don't be fooled: no matter how many patents a clone manufacturer registers, the infringement of the OEM patent stays in place!

HP sees victories in patent infringement cases in Europe

January 27, 2014

The OEM took action against infringement of its inkjet cartridges in Europe against a number of companies, with victory in one case, settlement agreements in a host of others and the continuation of legal action against another company. HP revealed on 24 January that it had "concluded litigation" against one German company, settled with seven Polish companies, and continued legal action with another Polish business over the sale of patent-infringing inkjet cartridges. The case in Germany concerned Frankfurt-based BestUse GmbH, whilst six defendants in the Polish cases were ABC Data S.A., Komputronik S.A., Modecom S.A., Praxis S.A., Scot Sp.z.o.o. and Kri Krzysztof Muszalski. Another legal disagreement was also settled with Polish company Action S.A., whilst the OEM continues with another case against Polish company Black Point S.A. The conclusion of legal action against BestUse GmbH concerned two separate cases, with the first second corresponded to the sale of "newly made inkjet cartridges as 'remanufactured'". In both cases, the German company "refused to defend itself", and so the court in Dusseldorf "confirmed all the claims raised by HP", with the German company ordered to pay HP's legal costs and provide information "regarding its suppliers". The first six of the Polish companies that settled with HP did so "as part of a wider patent enforcement programme in Poland", and related to the sale of infringing inkjet print cartridges in the country. ABC Data resells Modecom inkjets, whilst Komputronik owns the Accura brand, and in turn Modecom is the "owner" of the Modecom brand, whilst Praxis owns the ePrimo brand, Scot Sp.z.o.o.



The Recycler magazine, January 2014

Donnerstag 23.01.2014 09:40:43

SAMSUNG GEWINNT KLAEGE GEGEN NIEDERLAENDER KLONHANDLER



Samsung will der Klonflut aus Fernost einen juristischen Riegel vorschieben (© Fotolia/Julien Tromeur).

Die Koreaner machen Ernst gegen Händler, die patentverletzende Tonerklonen vertreiben: Nach der Klage gegen sieben deutsche Händler im November hat Samsung zeitgleich auch in den Niederlanden die große juristische Keule ausgepackt und vier Händler wegen des Vertriebs patentverletzender Tonernachbauten verklagt (Quelle: Computable). Die vier betroffenen Händler sind Yorcom Computers, Print About, Digital Revolution und Maxperian. Gegen drei dieser Händler hat sich Samsung Niederlande bereits vor Gericht durchgesetzt: Das zuständige Gericht in The Hague hat den Koreanern Recht gegeben und den drei Handelshäusern verboten, die entsprechenden Tonernachbauten weiter zu verkaufen. Welche drei Händler von den vier ursprünglich Verklagten verurteilt wurden, ist nicht bekannt gegeben worden.

Damit wird die Luft für Händler und Importeure von Tonerklonen aus Fernost zunehmend dünner. Wie groß das Ausmaß der asiatischer Klonen in Europa ist, zeigt eine Studie von IDC, die die Marktanteile der NBC-Kartuschen (Newbuilt Compatibles) im Emea-Raum genauer unter die Lupe genommen hat. Mehr dazu finden Sie unter <http://tinyurl.com/oghqoej>

DI - Digital Magazine, January 2014

Remanexpo@Paperworld: German customs officers raid many booths of SE Asian exporters re.illegal cartridges

Many Asian companies exhibiting illegal non-OEM cartridges were raided by German customs services at the 25-28 January 2014 remanexpo@paperworld international office supplies' trade show in Frankfurt, Germany. A special squad of 10 to 12 German customs officials walked the show floor all day Saturday and most of Monday morning.

www.etira.org, February 2014



SYNDICAT DE L'INDUSTRIE
DES TECHNOLOGIES DE L'INFORMATION

OFFICIAL POSITION

PRINTING SYSTEMS
& CARTRIDGE "CLONING"



<http://www.sfib.org/wp-content/uploads/2013/02/SFIB-Position-on-cloning-feb-20131.pdf>

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Canon starts IP case against Aster in the Netherlands

April 28, 2014


The OEM has filed a patent infringement suit against the company concerning toner cartridges.

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4 Tips for brokers in empty cartridges

As a buyer or seller of empty cartridges, you too can help to clear the European market from patent-infringing newbuilt toner cartridges that pollute our environment. Here's how:

1 Buying/selling empties' of clones is business suicide!

If you are trading empty clones today, you will be out of business soon. Why ? Because producing newbuilt patent-infringing cartridges is very often less expensive than remanufacturing them. So in addition to infringing patents, there will be no buyer for these clone empties.

2 Ensure that your collection programs do not accept patent-infringing newbuilt cartridges

As it may be difficult for your suppliers to distinguish non-OEM infringing newbuilts from OEM- or remanufactured OEM cartridges, some education may be needed. But if you know where and how your supplier purchased his full cartridges, you can discuss the matter with him, and insist that you can only accept to take in OEM-empties and remanufactured OEM empties.

3 Pay only for OEM empties and remanufactured OEM empties, not for patent-infringing newbuilts

If you pay the supplier(s) of the empties, make sure to deduct from your payment the volume that concerned patent-infringing newbuilts, and tell the supplier why you did that.

5 Tips for public bodies tendering for cartridges

Public bodies often purchase office supplies like cartridges through public tenders, where any interested party can apply.

Sometimes these tenders include the possibility to offer patent-infringing newbuilt toner cartridges.

As mentioned above, these products will violate one or more legitimate patents of the OEM printer manufacturer.

Moreover, these toner cartridges are polluting the European environment: as they cannot be remanufactured, and because there is no other end-of-life solution, they often simply wind up in landfill in Europe. By nonetheless allowing these cartridges to participate in the tender, a public body **deliberately and willingly engages in and facilitates illegal trade in patent-infringing and polluting products in the EU**. This counters all efforts to make public procurement more sustainable and environment-friendly.

From a public relations' perspective, this is something a public body cannot and should not do, given its function as role model for businesses and consumers.

Early 2014, the EU approved a set of general recommendations for public bodies that want

to buy imaging equipment, such as printers (GPP), available in all EU languages here:

http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm

These recommendations expressly support the use of the recent EU Ecolabel for imaging equipment.

Available in all EU languages here:

<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1403100317160&uri=CELEX:32013D0806>

This Ecolabel sets environmental criteria and is only available to printers that accept remanufactured cartridges and offer a take-back system for the return of used OEM toner and inkjet cartridges, in order to channel them to reuse and/or material recycling, with preference given to reuse.

Public bodies should therefore insist on remanufactured cartridges, and conformity with Ecolabel criteria.

Public bodies should explicitly exclude patent-infringing newbuilt toner cartridges from the tender. This is not a violation of the fair trade principle: if no end-of-life solution is offered, public bodies are fully entitled to refuse this supplier access to the tender.



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More info on www.etira.org